DOCUMENT RESUME

ED 363 799 CE 065 126

AUTHOR	Kerka, Sandra
TITLE	Women and Entrepreneurship. ERIC Digest.
INSTITUTION	ERIC Clearinghouse on Adult, Career, and Vocational Education, Columbus, Ohio.
SPONS AGENCY	Office of Educational Research and Improvement (ED), Washington, DC.
REPORT NO	EDO-CE-93-143
PUB DATE	93
CONTRACT	RR93002001
NOTE	4p.
PUB TYPE	Information Analyses - ERIC Clearinghouse Products (071)
EDRS PRICE	MF01/PC01 Plus Postage.
DESCRIPTORS	Blacks; Career Education; Economic Opportunities; *Entrepreneurship; Federal Programs; *Females; Futures (of Society); Minority Groups; *Nontraditional Occupations; Risk; *Self Employment; Sex Discrimination; Sex Fairness; Sex Stereotypes; Small Businesses; Welfare Recipients
IDENTIFIERS	ERIC Digests

ABSTRACT

The spectrum of women-owned businesses ranges from full corporations to microenterprises. Women business owners share many characteristics and motivations of business owners generally; other factors are dissatisfaction with "glass ceiling" limits, desire for job flexibility, and age discrimination. Women entrepreneurs often face barriers not usually encountered by men: lack of socialization to entrepreneurship, exclusion from traditional business networks, lack of access to capital, discriminatory attitudes, gender stereotypes, and lack of confidence. Low-income women run up against barriers in the system, such as restrictions on recipients of Aid to Families with Dependent Children. Women of color face discrimination and cultural bias within their cultural group and in society. Federal support for women business owners includes programs and services of the Small Business Administration. New approaches are emerging from strategies being used in less developed countries to support women in development: stimulation of microenterprises, microcredit lending, and peer-group lending. Many women business owners are part of a new breed of entrepreneur whose goal is to identify a social cause, cultivate an opportunity, and turn it into a profit. Women's communal enterprises tend to take a holistic approach, balancing work, family, economic, and cultural values. (Contains 14 references.) (YLB)

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ED 363 799

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ERIC Digest No. 143

Sandra Kerka

ERIC Clearinghouse on Adult, Career, and Vocational Education
Center on Education and Training for Employment
College of Education
The Ohio State University
1900 Kenny Road
Columbus, OH 43210-1090

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CE065126

DIGEST
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ERIC Clearinghouse on Adult, Career, and Vocational Education

Women and Entrepreneurship

by Sandra Kerka

1993

EDO-CE-93-143

Women-owned businesses (WOBs) have increased 62.5% since 1980. Including full corporations, women own 5.4 million businesses (National Foundation for Women Business Owners 1992). Employing 11 million workers in 1990, WOBs were projected to surpass Fortune 500 firms in 1992 in numbers employed. Women own 30% of small businesses, a share projected to increase to 40-50% by 2000 (Aburdene and Naisbitt 1992). In 1987, total receipts of WOBs were $477 billion; they contributed $37 billion in federal taxes and $13 billion in state and local taxes (Godfrey 1992).

At a time when permanent job loss is increasing, women-owned businesses are clearly important to realizing the nation's economic potential. However, in addition to challenges typically faced by most entrepreneurs, women often encounter other barriers to business ownership. This *ERIC Digest* looks at the types of businesses started by women and the characteristics of female entrepreneurs. It considers the barriers they face and emerging approaches that are helping women succeed in business.

Female Entrepreneurs: Who and What

The spectrum of WOBs ranges from full corporations to microenterprises–small, often home-based businesses that can mean self-sufficiency to those traditionally left out of the economic mainstream. Why do women become entrepreneurs? Women business owners share many of the characteristics and motivations of business owners generally: desire for independence and control, risk-taking personality, exposure to entrepreneurial role models. Other factors enter the picture for women: many are dissatisfied with "glass ceiling" limits on their earnings and advancement; the percentage of women who earn more than men is higher among self-employed women; women seek job flexibility because they usually bear a higher proportion of family responsibilities; older women may face age discrimination in continuing in or entering the labor force (Gould and Parzen 1990).

Obstacles Women Face

Women entrepreneurs often face barriers not usually encountered by men (Gould and Parzen 1990): lack of socialization to entrepreneurship in the home, school, and society; exclusion from traditional business networks; lack of access to capital and information; discriminatory attitudes of lenders; gender stereotypes and expectations, such as the attitude that women entrepreneurs are dabblers or hobbyists; socialized ambivalence about competition and profit; and lack of self-confidence. WOBs receive only about 1% of federal contracts (Godfrey 1992).

Low-income women, seeking self-sufficiency through business ownership, run up against barriers in the system. For example, restrictions on the amount that recipients of Aid to Families with Dependent Children (AFDC) can save, the hours they can work, and the amount of health care and other assistance they receive, as well as regulations that do not distinguish between personal and business assets, make it extremely difficult to start a business or to invest the time it takes to make it profitable enough to become self-supporting (Goldoftas 1992; Gould 1992). Women of color also face discrimination and cultural bias both within their cultural group and in the larger society. Although minority-owned businesses are growing in numbers, the numbers of minority women business owners are small: of all women business owners, African American women represent 3.8%, Hispanic American women 2.1%, and Asian Amerian women 1.6% (Ando et al. 1988). In an increasingly global economy, it is also not good news that 88-93% of businesses owned by women of color did not export any goods or services (ibid.).

Support for Women Business Owners

Federal support for women business owners includes the following programs and services of the Small Business Administration (SBA 1990): (1) the Women's Business Ownership Program; (2) the Women's Network for Entrepreneurial Training, a national mentoring program; and (3) the Women's Business Ownership Act of 1988, which offers incentives to banks to make loans of less than $50,000, authorizes eight demonstration counseling and training centers, and establishes the National Women's Business Council. "However, the SBA has typically not focused on very small businesses, nor has it offered the type of training needed by relatively inexperienced or seriously disadvantaged business operators." (Guy et al. 1991, p. 9).

New approaches are emerging from strategies being used in less developed countries to support women in development. These strategies are arising from international initiatives in self-employment as a solution to welfare dependence and poverty and from a focus on new ways to combat gender discrim- ination in employment and to empower low-income women (ibid.). The primary strategies are stimulation of microenterprises, microcredit lending (making small loans available for start-up), and peer-group lending, "which makes borrowers accountable to one another as well as to their bank for loan repayments" (Blakely 1992, p. 20). The following are examples of U.S. projects that use these emerging strategies.

One of the oldest and most successful programs for low-income women is the Women's Economic Development Corporation (WEDCO) in St. Paul, Minnesota, which recently merged with an employment counseling program to form WomenVenture (McKee et al. 1993). WEDCO/WV stresses self-pacing and self-selection throughout the process so that participants continually reevaluate the self-employment decision, allowing them to screen themselves out if for some reason they cannot commit to business ownership. The Women's Economic Development Project in Boston (Goldoftas 1992) helps women organize worker cooperatives and provides start-up assistance while they continue to receive AFDC. The program teaches basic economic literacy, provides 6 months of

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business training, and continues support throughout the first year of operation. Cooperatives are used because they are a "middle way" to business ownership, enabling "women to control their labor, gain experience in work skills and leadership, and have flexible working conditions" (p. 11).

Another type of worker-owned business is the Cooperative Home Care Associates (CHCA) in the South Bronx. Now owned and governed by over 200 African American and Latina home health workers, CHCA features family health insurance, a profit-sharing plan, and higher hourly wages than the industry average (Gould 1992; Steinem 1992). The holistic assistance new entrepreneurs need is illustrated by the Lakota Fund, a South Dakota microlending program based on the vision of development of the Oglala Lakota Tribe (Blakely 1992). Its loan recipients are required to attend workshops on money management, sales techniques, self-esteem, networking, and alcohol and drug education.

Among the lessons these projects have learned about the wide range of needs women business owners have are the following: the need to assess results from a long-term, flexible perspective; flexible financing tailored to individual needs; and small amounts of working capital to enable them to test ideas, make repayment, and build up their business without substantial debt (McKee et al. 1993). NFWBO (1992) identifies other critical skills women entrepreneurs should acquire: using information strategically, having a global perspective, and creatively employing technology, especially telecommunications.

Women and the Future of Entrepreneurship

Many women business owners are part of "a new breed of entrepreneur whose goal is to identify a social cause, cultivate an opportunity, and turn it into a profit" (Aburdene and Naisbitt 1992, p. 274). This "social entrepreneurship" is leading women to form businesses for asbestos removal and other environmental construction projects, environmentally based drug companies, and banks for low-income people. The philosophy of Anita Roddick, founder of the Body Shop International, a London-based cosmetics firm, exemplifies this new breed: (1) information/education to establish credibility, humanize the company, and make its values known; (2) motivational training to empower employees with company knowledge; (3) corporate activism, to demonstrate the belief that business should also help solve social problems; and (4) preservation of the entrepreneurial "start-up" spirit (Burlingham 1990).

Steinem (1992) notes that women's communal enterprises tend to take a holistic approach, balancing work, family, economic, and cultural values. They integrate economic techniques such as job training, job creation, marketing, and management with workplace innovations such as flexible scheduling, child care, language workshops for immigrants. "These women are bringing their values, many of which have been unrecognized in this culture as 'business values,' into the processes of creating and operating their businesses" (***Agora Forum*** 1993, p. 12). However, realizing the enormous potential of small business depends on "the existence of political, social, and cultural climates that encourage the formation of businesses by women and minorities" (ibid., p. 1). Godfrey (1992) advocates "investing in the future" by properly and accurately counting WOBs, ensuring their access to federal contracts, fostering diversity, developing girls (especially aged 10-15) as entrepreneurs), and having women invest in other women. It is especially important that girls be exposed to entrepreneurship and to role models in K-12 curricula, so that they approach business ownership with appropriate skills, awareness of their strengths, and confidence that they can explore any type of business.

As women of all colors and at all economic levels find it difficult to have their needs met in the workplace, they are turning to entrepreneurship to create their own opportunities. Small businesses tend to have the flexibility and innovation that are critical business needs in the coming century. As women form microenterprises and bring their values and concerns to the marketplace, they are changing the face of the nation's business.

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